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9 a creditor and party-in-interest.

10 **IN THE UNITED STATES BANKRUPTCY COURT**

11 **IN AND FOR THE DISTRICT OF ARIZONA**

12 In re:

13 BAPTIST FOUNDATION OF ARIZONA, an
14 Arizona nonprofit 501(c)(3)
15 corporation, et al.

16 Debtors.

In proceedings under Chapter 11

Case Nos.: 99-13275 through 99-
13364

All cases jointly administered
under Case No. 99-13275

**OBJECTION TO CONFIRMATION OF
FIRST AMENDED JOINT LIQUIDATING
PLAN OF REORGANIZATION OF THE
DEBTORS UNDER CHAPTER 11 OF THE
BANKRUPTCY CODE**

18 APPLICABLE DEBTORS

19 BAPTIST FOUNDATION OF ARIZONA,
20 Case No. 99-13275-ECF-GBN

21 FOUNDATION ADMINISTRATIVE
22 SERVICES, INC., Case No. 99-
23 13279-ECF-GBN

24 This Objection is filed by Ervin Leasing Company ("Ervin") in
25 opposition to the confirmation of the "First Amended Joint Liquidating
26 Plan of Reorganization of the Debtors under Chapter 11 of the
27 Bankruptcy Code" (the "Plan"), filed on September 25, 2000. For its
28 Objection, Ervin states as follows:

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KEVIN E. O'BRIEN
CLERK
U.S. BANKRUPTCY
DISTRICT OF ARIZONA

1 1. Ervin is an under-secured creditor of the Baptist Foundation
2 of Arizona and Foundation Administrative Services, Inc. (collectively,
3 the "Debtors")

4 2. Pursuant to a Lease Agreement dated August 5, 1999, (the
5 "Lease"), the Debtors are indebted to Ervin in the original amount of
6 \$249,515, plus interests costs and fees. This debt is partially
7 secured by certain office equipment.

8 3. Ervin filed an amended Proof of Claim on or about August 11,
9 2000 (the "POC").

10 4. The Plan does not provide any treatment for the POC nor does
11 it classify this claim in any manner whatsoever.

12 5. Ervin has not been noticed with any objection to the POC.

13 6. Ervin has not been noticed with any motion assuming or
14 rejecting the Lease.

15 7. Despite numerous requests by Ervin, the Debtors refuse to
16 classify the POC and have not provided any explanation for this
17 refusal.

18 8. Ervin objects to the Plan because it fails to comply with
19 the requirements of 11 U.S.C. §1129. The Plan cannot be confirmed
20 under Section 1129(a) because the requirements of subsections (1),
21 (3), (7), (8), and (10) have not been satisfied.

22 a. The Plan does not comply with the provisions of Section
23 1129(a)(1) because it does not give the POC any treatment. And
24 the Bankruptcy Code requires that all claims be classified with
25 other similarly situated claims and receive the same treatment.
26 See 11 U.S.C. §§1122(a) and 1123(a).

27 b. The Plan has not been proposed in good faith, as required in
28 Section 1129(a)(3). First the Debtors have proposed the Plan

1 for the improper purpose of guaranteeing a distribution to
2 equity interests ahead of general unsecured creditors. Second,
3 the Debtors have created artificially impaired classes in order
4 to have one impair class that will accept the Plan.

5 c. The Plan fails to comply with the provisions of Section
6 1129(a)(7)(A) in that holders of claims in impaired classes not
7 accepting the Plan will not receive an amount greater than the
8 amount which they would receive if the Debtors were liquidated
9 under Chapter 7.

10 d. On information and belief, the requirement of Section
11 1129(a)(8) has not been satisfied, in that impaired classes of
12 claims have not accepted the Plan.

13 e. The requirements of Section 1129(a)(10) have not been
14 satisfied, in that a legitimate impaired class has not accepted
15 the Plan.

16 f. The Plan cannot be confirmed because the Plan misclassifies
17 claims in violation of Section 1122(a) and fails to treat the
18 POC in a like manner as similarly situated creditors in
19 violation of Section 1123(a)(4).

20 9. Even if the Court determines that all the requirements of
21 Section 1129(a) have been satisfied, other than Section 1129(a)(8),
22 and the Debtor requests a cramdown under §1129(b), the Plan still
23 cannot be confirmed because it discriminates unfairly, and is not fair
24 and equitable with respect to each class that is impaired under the
25 Plan.

26 10. Ervin further objects to confirmation of the Plan pursuant
27 to Section 1129(b) because the Plan clearly discriminates unfairly
28

1 against all impair claims that have not accepted the Plan for the
2 following reasons:

3 a. Under the Plan, equity interests are scheduled to receive
4 distributions before senior classes are paid in full. This
5 violates the absolute priority rule established by Section
6 1129(b)(2).

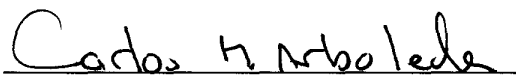
7 b. The POC is not classified in the Plan and Ervin will not
8 receive or retain on account of that claim, property of a value
9 as of the effective date of the Plan, equal to the amount
10 allowed by such claim.

11 11. Ervin objects to the Plan to the extent that it attempts to
12 affect relationships and obligations between Ervin and non-debtor
13 parties. See Plan, Art. 12.

14 WHEREFORE, for reasons including, but not limited to those
15 specified above, Ervin respectfully requests that the Court deny
16 confirmation of the Plan, and further prays for such other relief as
17 Ervin may be justly entitled.

18 DATED this 7th day of November, 2000.

19 **ARBOLEDA BRECHNER**

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